Investments by non-resident Indians

2114. SHRI NAND KISHORE BHATT; Will the Minister of FINANCE be pleased to state:

(a) what is the procedure for the non-resident Indians for making investments in various projects of the Government of India under Foreign Currency/Non Resident Account Scheme;

(h) how much amount in foreign currency a non-resident can invest with the Government of India;

(c) what are the terms and conditions for accepting such amounts;

(d) what is the rate of interest payable to the foreign investors and in which currency; and

(e) whether a promissory note against fixed deposit is issued to the investors; if so up to what amount?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY); (a) to (c) Persons of Indian nationality or origin resident abroad open with banks in India "Nan-Resident (External) Accounts" designated in Rupees. These accounts can be maintained in the form of Savings, Current or fixed Deposit Accounts. For opening these accounts the funds are required to be remitted to India through any bank from the country of residence of the prospective account holder or from any other country except countries in the bilateral group.

Non-Resident (Externa!) Accounts are also maintained by banks ia specified foreign currencies. At present the accounts can be maintained only in two currencies namely, Pound Sterling and U.S. Dollar. These accounts are known as Foreign Currency Non-Resident Accounts. The remittances for opening/crediting the accounts should normally be reveived in either of the two currencies and remittances made in any other currency will be converted by the receiving bank into one of the two specified currencies chosen by the remitter for his foreign currency account. The interest on deposit is payable in the currency fn which the account -. maintained. These accounts are held only as Fixed Deposit and not as Current or Savings Accounts.

The funds in both the above accounts *viz** NRE and FCNR Acoounts, are fully repatriable and there are no restrictions on the amounts that can be deposited in these accounts.

Purchase of UTI Units, Central and State Governments securities and National Plan/Savings Certificates can be made freely from the balances in these accounts. The interest on deposits and any other income accruing on the balances in the accounts are free of Indian Income-tax.

The balances in the accounts are free of wealth tax.

Gifts to close relatives in India from the balances in the accounts are free of gift tax.

The entire credit balance (inclusive of interest earned thereon) can be repatriated outside India at any time without reference of the Reserve Bank.

Local disbursements from the accounts can be made freely,

(d) As from March 1, 1982, Term Deposit ftir one year and above made by non-residents carry interest at rates 2 per alove the rates permissible on do-deposits of comparable maturities. Interest on deposits in FCNR Accounts is paid in the currency in which the account is maintained and interests on deposits in NRE accounts are repatriable outside India at any time_

(e) The depositers are issued a deposit receipt indicating the amount of deposit, period of deposit and rate of interest payable. No promissory note is issued to depositors by the Authorised Dealers.

Committee to Investigate into the affairs of closed textile mills

2115. SHRI M. KALYANASUNDARAM; WUl the Minister of COMMERCE be pleased to state;

(a) the terms of reference of the Committee appointed by Government to investi-